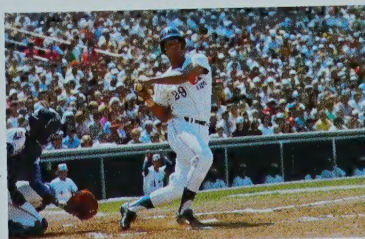




**MULTIPLE ACCESS LIMITED**  
**1974 annual report**

ACQUIRED, 1979, BY  
CANADA SYSTEMS GROUP LTD.



# MULTIPLE ACCESS LIMITED

*Directors:* HAROLD E. ANDREWS  
CHARLES R. BRONFMAN  
RUPERT B. CARLETON  
SYDNEY C. COOPER  
E. LEO KOLBER  
DAVID K. LOWRY  
DONALD W. G. MARTZ  
DONALD B. McCASKILL  
JOHN O. McCUTCHEON  
WILLIAM F. MITCHELL  
PHILIP F. VINEBERG, Q.C.

*Officers:* JOHN O. McCUTCHEON, *President*  
JOHN G. CRAIG, *Secretary and Treasurer*

*Broadcast Group:*

DONALD W. G. MARTZ, *Senior Vice-President*  
EDWARD L. HAMBLETON, *Vice-President*  
JOHN H. KRUG, *Vice-President, Champlain Productions Limited*  
L. C. (BABS) PITT, *Vice-President, Champlain Productions Limited*

*Computer Group:*

FREDERICK W. GIBBS, *Vice-President*  
DIXON T. JARVIS, *Vice-President*  
HARRY G. PORTEOUS, *Vice-President*  
FREDRICK T. WHITE, *Vice-President*  
JAMES H. FINCH, *President, DCF Systems*

*Registrar and Transfer Agents:* NATIONAL TRUST COMPANY, LIMITED, Montreal  
Toronto, Winnipeg, Calgary and Vancouver  
CANADA PERMANENT TRUST COMPANY, Halifax

*Auditors:* PRICE WATERHOUSE & CO.

# HIGHLIGHTS

(Dollars in thousands, except per share amounts)

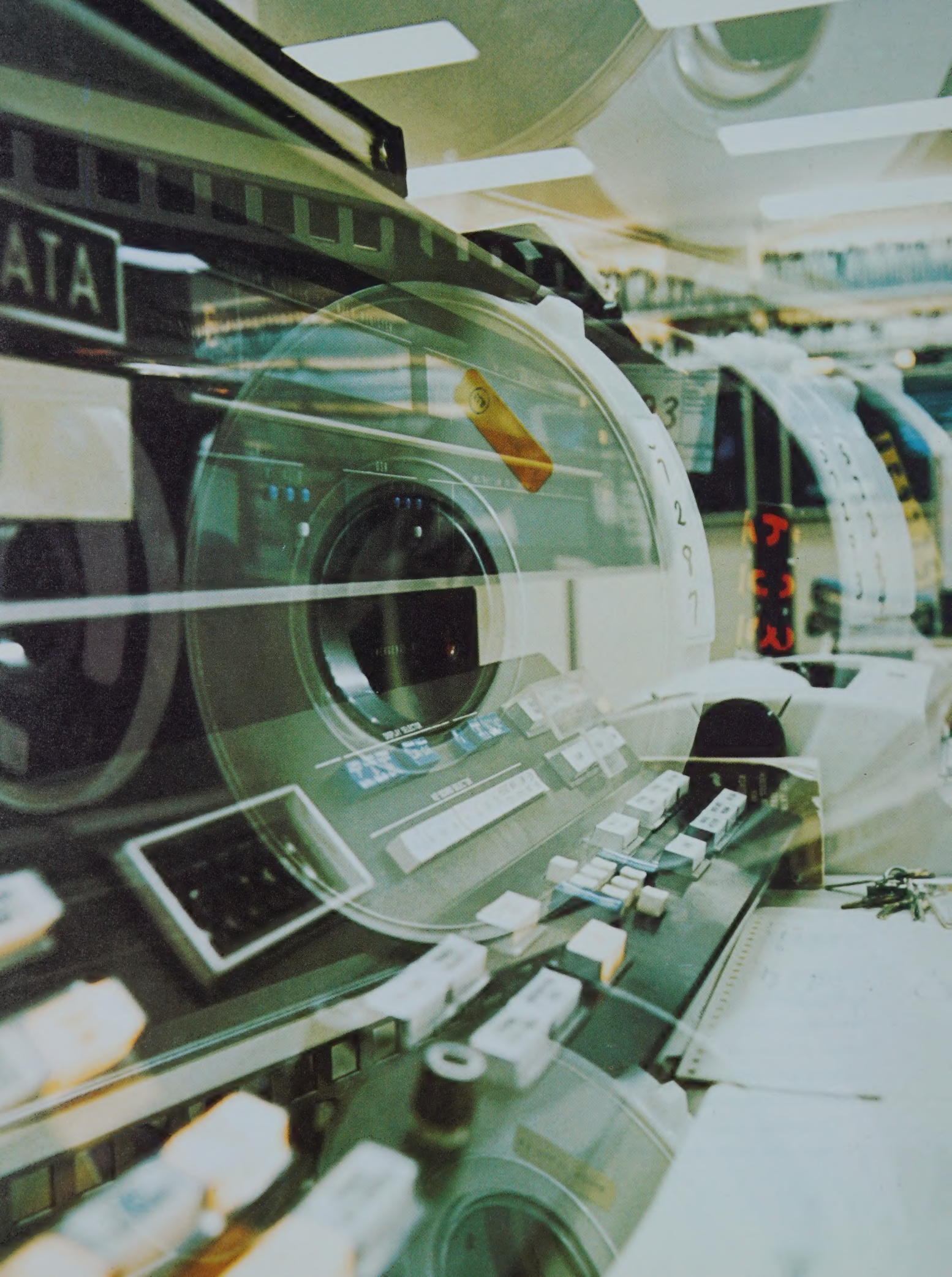
## FOR THE YEAR

	1974	1973
REVENUE		
(a) BROADCAST GROUP		
First quarter . . . . .	\$ 3,532	\$ —
Second quarter . . . . .	3,046	1,980
Third quarter . . . . .	4,543	4,008
Fourth quarter . . . . .	3,646	3,135
Year . . . . .	<u>\$14,767</u>	<u>\$ 9,123</u>
(b) COMPUTER GROUP		
First quarter . . . . .	\$ 866	\$ 742
Second quarter . . . . .	911	756
Third quarter . . . . .	1,021	806
Fourth quarter . . . . .	1,743	792
Year . . . . .	<u>\$ 4,541</u>	<u>\$ 3,096</u>
(c) TOTAL REVENUE . . . . .	<u>\$19,307</u>	<u>\$12,219</u>
INCOME . . . . .	<u>\$ 2,335</u>	<u>\$ 1,278</u>
INCOME PER SHARE—before income tax recovery . . . . .	\$ 0.30	\$ 0.15
—after income tax recovery . . . . .	\$ 0.94	\$ 0.53
CASH FLOW PER SHARE . . . . .	\$ 1.39	\$ 0.89

## AT YEAR END

Total Assets . . . . .	\$30,259	\$25,778
Working Capital . . . . .	2,756	1,613
Shareholders' Equity . . . . .	8,308	4,832
Number of shareholders . . . . .	1,919	1,425
Number of employees . . . . .	578	453
Number of common shares:		
Outstanding . . . . .	2,802,627	2,405,969
Upon which income per share amounts are based . . . . .	2,473,000	2,405,969







# TO THE SHAREHOLDERS

The fiscal year ended March 31, 1974 showed excellent gains in revenue and net income. Revenues for the year were \$19,307,410, compared to \$12,219,055 the previous year, and net income was \$2,334,772, compared to \$1,278,386 in fiscal 1973. In each case, net income is untaxed.

On a per share basis, net income after income tax recovery was \$0.94 compared to \$0.53 in the previous year. It should be noted, however, that the Broadcast Group was included only for 8 months in fiscal 1973; if it had been owned for the full year, we estimate that earnings for 1973 would have been \$0.78 per share. Income per share before income tax recovery is shown as \$0.30 in 1974 and \$0.15 in 1973. These figures are not meaningful because of our use of a debt instrument whose interest is not deductible for tax purposes. Cash flow from operations of \$1.39 per share in 1974 and \$0.89 in 1973 is however of particular significance as it forms the base for continued growth of the company.

The Broadcast Group showed growth of revenue and earnings in each of its operating divisions during the year. The process of replacing and adding to cameras, videotape and audio processing equipment and auxiliaries was continued throughout the year to meet our objectives of increasing technical quality and expanding origination activities. We are particularly pleased with the success Champlain Productions has attained in contracts for network program originations for the 1974-1975 season.

A number of significant moves were made to expand and strengthen the Computer Group during the past year. A share exchange offer was made to the shareholders of AGT Data Systems Ltd. which was overwhelmingly successful; 94.6% of all outstanding shares being tendered.

Following completion of this offer on February 1, 1974, two major and three smaller divisions were created within the Computer Group. The original Multiple Access operation has become the Technical Services Division, offering a broad library of software programs and specialized com-

petence to the scientific, financial and engineering communities, and supported by the very large scale Control Data Systems in our Don Mills data centre.

The former AGT Data Services Division constitutes the base of our new Commercial Services Division, offering specialized programs, program development and related professional services to a variety of customers in the IBM data processing sector. The Commercial Services Division was then expanded strongly by the purchase for cash of the outside customer base with supporting personnel and software of Consumers Computing Ltd., which had been operating on the Consumers Gas IBM System/370 Model 158 computer. To support all of this activity, Multiple Access came together with the Manufacturers Life Company to form a new jointly-owned company, Multiple-Manulife Systems Ltd., which has installed and will operate an IBM System/370 Model 168 computer. The Model 168, which is the largest of IBM's current line, will be operated exclusively to serve the needs of the two partners on a net cost basis.

The Computer Group is now excellently positioned, in terms of skilled and competent people, extensive software program libraries, and large scale cost-effective processors to participate in all sectors of the data processing industry.

Revenues for fiscal 1975 are anticipated to increase by 40% over the previous year. In accomplishing this, we expect that reasonable profit margins will be maintained and that the division of revenue between the Broadcasting and Computer Groups will approach a sixty-forty relationship.

Management and the board of directors wish to record their appreciation to all members of our staff for their services and to welcome the many new people who have come to us from AGT and Consumers Computing.





## COMPUTER GROUP

The addition of AGT Data Systems and Consumers Computing has broadened and strengthened an already dynamic activity. The Computer Group is now organized along product lines with five operating divisions: Technical Services, Commercial Services, Keydata, DCF Consulting and Ruscom Logics. The group is poised for aggressive growth in fiscal 1975, as indicated in the divisional reports which follow.

### Commercial Services Division

During the past year the Commercial Services Division was established from the Data Services Division of AGT Data Systems and expanded by the outside revenue base of Consumers Computing Limited. The Division provides a wide range of services and production to over 100 clients. Recasting actual revenues on a pro forma basis, revenues for the year ended March 31, 1974 would be approximately \$3,250,000.

A primary objective of the Division is to identify market opportunities for computer-based services and to design and build proprietary products to meet specific industry requirements. The mutual fund and brokerage industries, general insurance agencies, professionals requiring mortgage interest analysis, secondary school boards and community colleges are examples where industry-oriented proprietary services have been developed. Proprietary services of a more general nature include payroll, general ledger and accounts receivable services. The growing acceptance of all of these services by our customers provides endorsement of this approach.

With continuing growth of the Division, it is important to ensure the availability of powerful cost-effective computing resources to meet present and future needs. This has been achieved by forming with Manufacturers Life Insurance Company a jointly-owned company to install an IBM System/370/168 computer. The new company, called Multiple-Manulife Systems Ltd., will function exclusively to service the needs of Manufacturers Life and our clients. This facility provides the necessary processing power to the various applications discussed above and, in addition, provides an opportunity for our clients with

custom programs to receive services in a batch, remote batch or time sharing environment. The experienced people, successful proprietary products and powerful computing capability of the Commercial Services Division can be expected to bring continued growth and profitability.

### Technical Services Division

The Technical Services Division, created from the original Multiple Access Computer Division, had a record year in fiscal 1974 with net revenues of \$3,859,540, a gain of 24.6% over the previous year.

A feature of the year was the continued expansion in software products available to the Division's customers. FIPAC, our key financial planning package, was enhanced during the year and remains a significant revenue producer. Our library of engineering programs was extended to include new offerings used in the design and construction of petro-chemical plants and in manufacturing management information systems. COMPAID, a program which produces plotted piping diagrams and materials lists from digital inputs, is finding an excellent reception. All of these systems are expected to produce significant revenue gains in the current year.

With the increasing work load, the Division is expanding its computer facility by the addition of a new Control Data Cyber 72 System, to be operational in October, 1974. The new system will expand our revenue capability significantly and will also replace the existing 3500 System. We expect to return the latter to Control Data in late 1975, so that the net additional cost of the Cyber System will be moderate.

The Technical Services Division marks its fifth anniversary this year with a substantial library of well-documented programs designed to reduce the time, cost and effort associated with computer usage by the scientific, financial and engineering communities. Services are available through time-sharing, remote job entry and batch processing. Future emphasis will continue to be placed on the development of additional user-oriented programs to meet specific needs.





A new company, Multiple-Manulife Systems Ltd. was formed jointly with Manufacturers Life Insurance Company to install a System/370 Model 168 computer, the largest in the current IBM series.

The company will function exclusively to service the needs of Manufacturers Life and our clients and to ensure the availability of powerful computing resources to meet present and future needs.



Throughout the past five years the Technical Services Division has developed a substantial library of well-documented programs, designed to save clients the effort and cost often associated with complex programming. FIPAC, our key financial planning package, was a significant revenue producer in 1974.





## **Keydata Division**

Keydata Canada Ltd., operates throughout Canada to provide on-line accounting and management information systems to small and medium size manufacturers and distributors.

The past twelve months have seen the Division achieve several milestones. Revenue during the fiscal year grew by 49% over the previous year. The Keydata communications network became operative on a national basis with the recent installation of the first customer in Vancouver. Several new products were announced during the year to complement the existing distribution accounting system and, at the same time, a new high speed terminal was introduced to accommodate the needs of our large customers.

Keydata subscribers are now provided with complete on-line order processing, inventory control, accounts receivable and accounts payable service without investing in special computer staff or equipment. Based on current availabilities, a revenue increase of over 40% is projected for the current year.

## **Consulting Division**

During the past year, DCF Systems, our consulting division, concentrated on broadening its market penetration into new areas of activity. This effort has been successful and important assignments have been obtained within both the private and public sectors.

Significant experience has been gained in real time programming for mini-computers, particularly with respect to engineered systems for industry. Important examples are

software for automated television switching systems, applications in reactor control, fuelling and safety in the nuclear power field, and new and complex problems in industrial systems.

General business systems applications are a major and growing part of DCF's activities. Recent changes have enhanced our management consulting capabilities by the addition of senior consultants in Toronto and Ottawa. Their skills and efforts can complement many corporate activities and, where appropriate, they can draw on and utilize the capabilities of the Technical Services and Commercial Services Divisions.

Complete systems implementation services available include feasibility studies, project management, education, system design and programming, and software packages.

## **Ruscom Logics**

Ruscom is our hardware division, specializing in the design, manufacture, implementation and maintenance of mini-computer systems. During the past several years, the company's orientation has been toward the application of computers in the communications industry. Customized development projects have been undertaken for companies in the telephone and telecommunications fields and it is the company's intention to continue to pursue innovative concepts in this area, a large and growing market. During fiscal 1974 custom-engineered equipment and systems were developed for a wide range of other industrial applications and these specialized contracts remain the base of Ruscom's business.



## BROADCAST GROUP

The past year has been one of growth and development for the Broadcast Group. A new sound was programmed on CFCF Radio 600; CFCF-TV-12 maintained and strengthened its position as the Number 1 English-language television station in Montreal; and Champlain Productions Limited enjoyed increased activity in commercial and program production. An expansion to the station facilities was completed and much new equipment was put into operation.

### CFCF Radio 600

Since March of this year new vitality has been added to the AM radio station. The music heard on CFCF 600 is now programmed to appeal particularly to the demographic age group of 25 to 49, an aim not being fulfilled in Montreal at this time.

Concurrent with the music change was a change in the on-air staff. At the end of the fiscal year CFCF 600 welcomed George Balcan, the best 'wake-up man' in Canada, as the station's new morning personality. An open-line show between 9:00 and 11:00 a.m. was introduced with another new personality, Pat Blandford. The Pat Blandford Show, which discusses topical social issues of special interest to young housewives, has gained a strong and loyal following among Montreal listeners.

A complete realignment of other staff during the balance of the day was also accomplished, giving CFCF 600 a brand new sound and image.

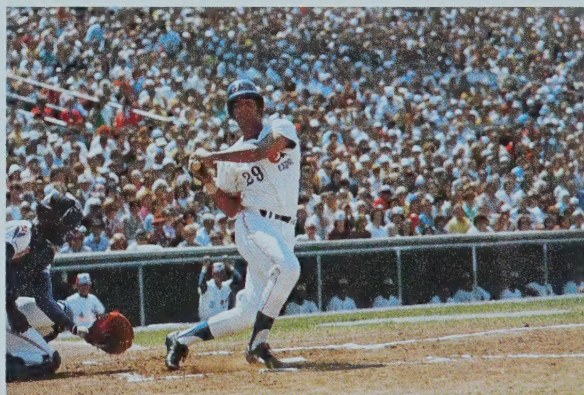
The changes made in the past year are expected to bring increased audiences in the near future.

### CFQR-FM

In the past year CFQR continued to dominate the Montreal FM radio market with a weekly audience of 456,900 persons reported in the key November survey of the Bureau of Broadcast Measurement. CFQR-FM attracts more people than any other Montreal English radio station, either AM or FM, in many time periods, and both the November 1973 and March 1974 BBM audience ratings show CFQR as the most listened-to radio station on Saturdays and Sundays.

### CFCF-TV

CFCF-TV, Channel 12 remains the Number 1 English television station in the Montreal market. The January BBM rating reported that CFCF-TV-12 telecast 9 of the top 10, and 17 of the top 20, English-language television shows in Montreal. The most popular program was TV-12's Sunday Afternoon NHL Hockey which drew 359,600 viewers, a figure higher than the combined audience



Radio baseball is a favorite summer pastime with thousands of Montrealers served by CFCF radio, flagship station of the Montreal Expos network.

figures for all other stations at that time period. CFCF has recently concluded a new three-year agreement for the exclusive French and English telecast rights for Sunday NHL hockey. CFCF-TV maintained its dominant position in the March ratings with 8 of the top 10, and, 17 of the top 20 shows.

CFCF-TV played an active role in the CTV Network this past year and, as it had undertaken to the CRTC, expanded its program contributions by placing three new shows on the Fall '74 CTV Network schedule.

In locally-originated programming, CFCF-TV will introduce a weekly Shopper's Guide segment to the popular Community program, along with an informative 'What To Do' segment. The Community will continue both its weekly



Senior Citizens' show and the Public Access segment introduced last year which gives citizens a chance to voice their opinions publicly on issues that concern them.

The 1974 Fall schedule will feature 20 new shows, including a half-hour program devoted to today's woman and a special documentary series with Barbara Smith called 'Rendezvous' and focusing on the province of Quebec and its unique cultural identity.

Returning for another season are popular local shows from last season, such as, McGowan & Co., As It Is (public affairs), Celebrity/Know Your Sports, Travel '74, The Cliff Edwards Show and The Art of Cooking.

CFCF-TV-12 will introduce AM's George Balcan to television viewers this fall when he hosts the popular two-hour afternoon movie, Matinee With George Balcan.

With an exciting new season coming up and good advertiser response, the next year looks very bright for CFCF-TV-12.

## Champlain Productions Limited

Champlain Productions Limited, a wholly-owned subsidiary of Multiple Access formed in April 1973, experienced a dynamic year of commercial and program production under the direction of two new officers appointed in September, 1973—Babs Pitt, Vice-President, Marketing and John Krug, Vice President, Production. In the past year, Champlain produced three program pilots which were accepted by the CTV Network for the '74-'75 season. Now in full series production is a new Canadian situation comedy, Excuse My French, which centres around a young married couple and the hilarious collision of the French and English cultures represented by their families. Also to be seen on the CTV Network this fall is It's Your Move, a game of charades with host George Balcan. The John Allan Cameron Show from Champlain will be part of a three-part musical series on CTV next season. Cape Breton balladeer John Allan Cameron, one of the country's liveliest performers, hosts this half hour of Maritime music and contemporary Canadian folk tunes.

Champlain Productions is also involved in program syndication. During the past year eight locally-produced



Host Don McGowan (right) interviews Canadian author Sidney Katz during one of his half hour McGOWAN & CO. programs on CFCF-TV-12.



Champlain Productions' compact "Go-Anywhere" color coach is ideal for on-location program and commercial production. The mobile is equipped with a portable camera and Ampex videotape recording unit.



shows, including Know Your Sports, McGowan & Co., As It Is and Sing A Good Song, were sold to many Canadian television stations from the Maritimes to the West Coast.

A major part of Champlain's activity is the production of television commercials. In the past year the company received a Coq d'Argent award from the Publicity Club of Montreal and two honorable mentions at the Canadian Television Commercial Festival in Toronto for three of its commercials. During the year the "Go-Anywhere" color coach, a compact, versatile mobile production unit with portable video camera was completely outfitted and utilized extensively for on-location commercial and program production.

In November 1973 the Music Division of Champlain Productions was formed with well-known Canadian recording producer Bob Hahn as General Manager. The division has three Canadian artists and one group recording for Champlain. In February the Champlain Music Division acquired the rights to the new Canadian rock opera, "Kronborg; 1582", based on Shakespeare's Hamlet and written by Canadian Composer Cliff Jones. "Kronborg; 1582" made its Canadian stage debut at the Charlottetown festival on July 1, with Champlain recording artist Cal Dodd in the lead role.

## Alexander, Pearson and Dawson Inc.

The national television sales representation company of Alexander, Pearson and Dawson Inc. experienced a successful year marketing advertising time for CFCF-TV, Montreal and CITY-TV Toronto.

In May of this year the firm acquired the representation of KVOS-TV(BC) Limited in Vancouver, the 3 stations of the Atlantic Television System and CKVR-TV, Barrie, Ontario. With stations in Eastern, Central and Western Canada, Alexander, Pearson and Dawson is now the second largest English television sales representation company in the country. Multiple Access Limited holds a substantial minority interest in the firm.



Starring as the fathers in Champlain Productions', situation comedy EXCUSE MY FRENCH are Earl Pennington (seated left) and Paul Berval (seated right). In the scene above they are joined by two other members of the cast, Isabelle Lajeunesse (standing) and Daniel Gadouas (with newspaper).



## FINANCIAL

The year ended March 31, 1974 showed strong growth in both revenues and earnings and was the first to include a full year of the Broadcast Group. Consolidated revenues increased from \$12,219,055 to \$19,307,410, while income for the year increased from \$1,278,386 to \$2,334,772. Working capital during the year increased by \$1,143,642 to \$2,756,385, reflecting the strong improvement in earnings.

Revenues of the Broadcast Group increased from \$13,079,985 (pro forma 12 months) in the previous year to \$14,766,692 for the current year, a gain of 12.9%. Revenues of the Computer Group increased by 46.7% over the previous year.

A major event in the past year was the acquisition by the Company of 94.6% of the outstanding shares of AGT Data Systems Limited. This acquisition was accomplished by a share exchange offer of one common share of the Company for 3.5 AGT shares and resulted in 394,297 shares of the Company being issued.

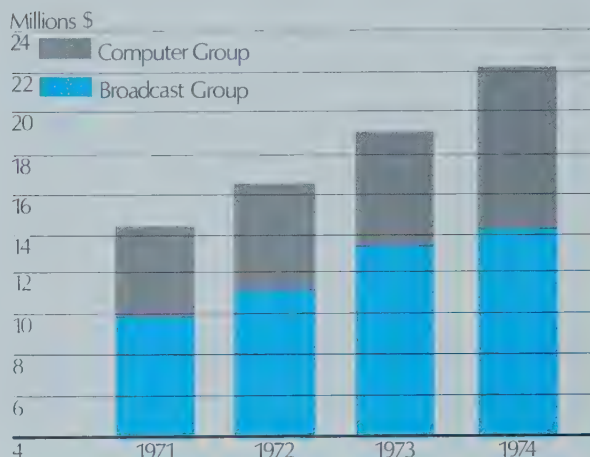
The acquisition of AGT has been accounted for as a purchase and, accordingly, the results of AGT Data Systems Limited and subsidiaries have been included in the consolidated financial statements from February 1, 1974, the date of acquisition of control. The revenue included from the AGT Group for the two month period was approximately \$684,000. For comparative purposes only, the revenue achieved by the AGT Group for the twelve months ended March 31, 1974 was approximately \$3,793,000.

The balance sheet reflects a substantial increase in the current portion of long term debt. This is principally due to the fact that during the next fiscal year, the regular quarterly payments of \$350,000 plus a mandatory payment of \$750,000 are due. This is a total requirement of \$2,150,000 against the \$350,000 which was paid in the current year.

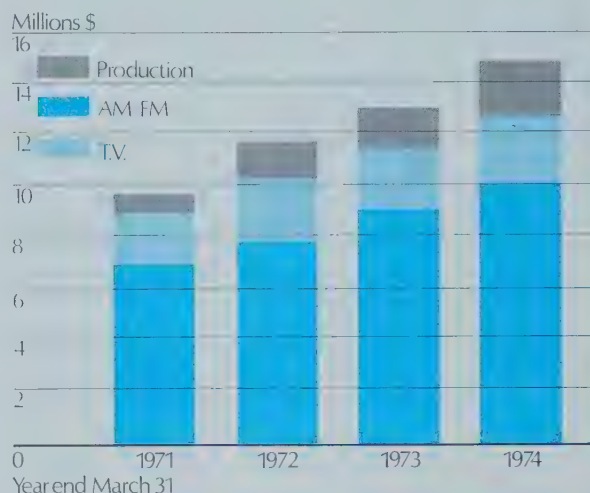
The income for the year before tax recovery as shown on the consolidated statement of income is a lesser amount than would have resulted had the financing for the acquisition of the Broadcast Group been done on a term loan basis. Since the interest on an income debenture is only payable if sufficient income is generated, the interest is not deductible for tax purposes. Hence, if the borrowing had been made on a term loan basis, the amount of the tax provision would have been less. The Company chose this method of financing due to its large tax loss carry-forward position at the time and its objective to maximize cash flow.

The following charts reflect the revenues of the Broadcast and Computer Groups on a pro forma basis for the four years ended March 31, 1974. The charts show actual results, assuming that AGT Data Systems Limited and the Broadcast Group had been acquired April 1, 1970.

PRO FORMA REVENUES OF BROADCAST & COMPUTER GROUPS

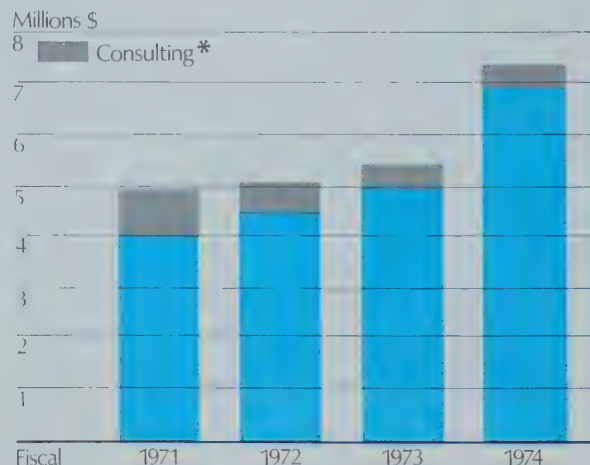


BROADCAST GROUP PRO FORMA REVENUE BREAKDOWN



COLOR CODE  
CORRECTION  
AM/FM  
T.V.

COMPUTER PRO FORMA GROUP REVENUE



\* 1971 and 1972 consulting revenue including a non-recurring single large account.



# AUDITORS' REPORT

To the Shareholders of  
MULTIPLE ACCESS LIMITED:

We have examined the consolidated balance sheet of Multiple Access Limited and subsidiary companies as at March 31, 1974 and the consolidated statements of income, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the consolidated financial position of the companies as at March 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec

July 2, 1974

*Price Waterhouse Co.*  
Chartered Accountants



# MULTIPLE ACCESS LIMITED

And Subsidiary Companies

## CONSOLIDATED BALANCE SHEET

### ASSETS

	March 31	
	1974	1973
CURRENT ASSETS:		
Cash . . . . .	\$ 184,831	\$ —
Deposit receipts . . . . .	825,000	583,181
Accounts receivable . . . . .	6,088,969	3,519,587
Inventory, at the lower of cost and net realizable value . . . . .	1,106,775	636,040
Film exhibition rights and prepaid expenses . . . . .	1,600,428	1,181,438
	9,806,003	5,920,246
FIXED ASSETS, at cost (Note 3) . . . . .	18,627,751	16,961,558
Less: Accumulated depreciation and amortization (Note 1(b)) . . . . .	(9,428,478)	(8,037,267)
	9,199,273	8,924,291
TELEVISION AND RADIO BROADCASTING LICENCES, and GOODWILL, at cost (Note 1(c)) . . . . .	10,109,611	10,109,611
INVESTMENTS, at cost, and other assets . . . . .	1,143,779	823,493
	\$30,258,666	\$25,777,641

## LIABILITIES

	March 31	
	1974	1973
<b>CURRENT LIABILITIES:</b>		
Bank indebtedness, secured . . . . .	\$ 900,000	\$ 943,159
Accounts payable and accrued liabilities . . . . .	3,670,213	2,524,091
Current portion of long term debt (Note 4) . . . . .	2,479,405	840,253
	<u>7,049,618</u>	<u>4,307,503</u>
LONG TERM DEBT (Note 4) . . . . .	14,835,109	16,638,543
MINORITY INTEREST . . . . .	66,415	—
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock (Note 5)—		
Common shares without nominal or par value—		
Authorized—7,500,000 shares		
Issued and fully paid—2,802,627 shares . . . . .	16,210,320	15,069,163
Warrants . . . . .	70,500	70,500
	<u>16,280,820</u>	<u>15,139,663</u>
Deficit . . . . .	(7,973,296)	(10,308,068)
SHAREHOLDERS' EQUITY . . . . .	<u>8,307,524</u>	<u>4,831,595</u>
	<u>\$30,258,666</u>	<u>\$25,777,641</u>

Approved on behalf of the Board :

J. O. McCUTCHEON, Director

H. E. ANDREWS, Director



# MULTIPLE ACCESS LIMITED

And Subsidiary Companies

## CONSOLIDATED STATEMENT OF INCOME

	Year ended March 31	
	1974	1973
REVENUE:		
Broadcasting revenue, net of agency commissions . . . . .	\$14,766,693	\$ 9,122,560
Computer and related revenue . . . . .	4,540,717	3,096,495
	<u>19,307,410</u>	<u>12,219,055</u>
EXPENSES:		
General, administrative and operating expenses . . . . .	14,715,927	9,418,560
Operating income before the undernoted items . . . . .	4,591,483	2,800,495
Interest on promissory notes . . . . .	167,260	93,848
Depreciation and amortization (Notes 1(b) and 3) . . . . .	1,097,097	851,823
	<u>1,264,357</u>	<u>945,671</u>
	3,327,126	1,854,824
Income taxes otherwise chargeable (Note 6(a)) . . . . .	1,598,400	910,000
	<u>1,728,726</u>	<u>944,824</u>
Interest on income debenture (Note 6(a)) . . . . .	992,354	576,438
Income for the year before income tax recovery . . . . .	736,372	368,386
Income tax recovery arising from utilization of prior period losses (Note 6(b)) . . . . .	1,598,400	910,000
Income for the year . . . . .	<u>\$ 2,334,772</u>	<u>\$ 1,278,386</u>
Earnings per share (Note 9(b)) on:		
Income for the year before income tax recovery . . . . .	<u>\$0.30</u>	<u>\$0.15</u>
Income for the year . . . . .	<u>\$0.94</u>	<u>\$0.53</u>

## CONSOLIDATED STATEMENT OF DEFICIT

	Year ended March 31	
	1974	1973
Balance at beginning of year . . . . .	\$(10,308,068)	\$(11,586,454)
Income for the year . . . . .	<u>2,334,772</u>	<u>1,278,386</u>
Balance at end of year . . . . .	<u>\$( 7,973,296)</u>	<u>\$(10,308,068)</u>

# MULTIPLE ACCESS LIMITED

And Subsidiary Companies

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended March 31	
	1974	1973
<b>SOURCE OF FUNDS:</b>		
Income for the year . . . . .	\$ 2,334,772	\$ 1,278,386
Non-cash items deducted in arriving at income—		
Depreciation and amortization . . . . .	1,097,097	851,823
Funds provided from operations . . . . .	3,431,869	2,130,209
Issue of income debenture . . . . .	—	18,000,000
Common shares issued . . . . .	1,141,157	55,266
Minority interest . . . . .	66,415	—
	4,639,441	20,185,475
<b>APPLICATION OF FUNDS:</b>		
Acquisition of subsidiary company . . . . .	1,210,569	—
<i>Less:</i> Working capital acquired . . . . .	1,264,565	—
	(53,996)	—
Acquisition of assets of Broadcasting Division, net of working capital acquired . .	—	15,971,362
Reduction of long term debt . . . . .	2,303,434	2,457,443
Fixed asset additions . . . . .	1,182,274	450,065
Other assets . . . . .	64,087	181,738
	3,495,799	19,060,608
Net increase in working capital . . . . .	1,143,642	1,124,867
Working capital at beginning of year . . . . .	1,612,743	487,876
Working capital at end of year . . . . .	\$ 2,756,385	\$ 1,612,743
<b>REPRESENTED BY:</b>		
Current Assets . . . . .	\$ 9,806,003	\$ 5,920,246
Current Liabilities . . . . .	7,049,618	4,307,503
	\$ 2,756,385	\$ 1,612,743



# MULTIPLE ACCESS LIMITED

And Subsidiary Companies

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 1974

### 1. ACCOUNTING PRACTICES AND POLICIES:

The following is a summary of the Company's significant accounting practices and policies:

- (a) The consolidated financial statements include the accounts of the Company and its active subsidiary companies, AGT Data Systems Limited (and subsidiaries) and Champlain Productions Limited. The financial statements at March 31, 1973 are presented on an unconsolidated basis since the subsidiaries at that date were inactive. Champlain Productions Limited, commenced active operations during the current year.

The acquisition of AGT Data Systems Limited has been accounted for as a purchase and the results of its operations have been included in the consolidated financial statements from February 1, 1974, the date of acquisition of control.

- (b) Fixed assets are being depreciated over their estimated useful lives as follows:

- i. Buildings—assets acquired July 20, 1972 on a straight line basis over 40 years and subsequent additions over 20 years.
- ii. Computer equipment—the net book value at March 31, 1972 of \$2,526,000 less an estimated residual value of \$1,262,000 on a straight line basis to 1978.
- iii. Broadcasting equipment—assets acquired July 20, 1972 over their estimated remaining useful life and subsequent additions over eight years from the date of acquisition, on a straight line basis in each case.
- iv. Other equipment—over their estimated useful life.
- v. Leasehold improvements—over the terms of the leases.

- (c) Television and radio broadcasting licences and goodwill—it is the policy of the Company not to amortize this asset until it is felt that the value has been permanently impaired.

- (d) Financing costs incurred on the acquisition of the Broadcasting Division are being amortized on the basis of the anticipated declining balance of principal outstanding on the Income Debenture.

- (e) Feature film contracts are amortized over the estimated number of future telecasts per contract based on periodic reviews of the film library. Syndicated programs are amortized on a cost per episode basis.

- (f) The companies hold franchise rights to certain processes and software packages which are included in "other assets" in the amount of \$225,229. These costs are amortized over the estimated useful life.

### 2. ACQUISITION OF AGT DATA SYSTEMS LIMITED:

Under an offer made to all shareholders of AGT Data Systems Limited, the Company acquired 1,381,024 common shares of AGT Data Systems Limited, effective February 1, 1974, in exchange for 394,297 common shares of the Company.

The following is a summary of the transactions involved:

#### Consideration

Issue of common shares and associated costs . . . . .	\$1,207,391
Underlying net tangible assets acquired . . . . .	1,146,405
Excess of cost of investment over net assets acquired . . . . .	\$ 60,986

The value attributable to the shares of the Company issued above was based upon the approximate net book value of the shares of AGT Data Systems Limited at January 31, 1974.

### 3. FIXED ASSETS:

	Cost	Current year's depreciation or amortization
Buildings . . . . .	\$ 3,415,294	\$ 79,852
Computer equipment . . .	8,392,368	208,286
Broadcast equipment . . .	2,797,678	495,032
Other equipment . . . . .	2,339,084	205,241
Leasehold improvements	1,176,853	108,686
	18,121,277	\$1,097,097
Land . . . . .	506,474	
	<u>\$18,627,751</u>	

#### 4. LONG TERM DEBT:

Income Debenture . . . . . \$15,650,000

The income debenture issued to a Canadian chartered bank, due December 31, 1981 is repayable by thirty consecutive quarterly instalments of \$350,000 commencing March 31, 1974 with a final instalment due December 31, 1981. The income debenture bears interest at a maximum annual rate equal to the aggregate of one-half the Bank's prime commercial lending rate for Canadian dollars plus 2%. The original requirement of an initial principal repayment of \$6,750,000 by an offer of securities was waived during the previous year, at which time the Bank reserved the right to re-examine the repayment schedule. A voluntary principal repayment of \$2,000,000 was made in the previous year.

The income debenture is secured by a Trust Deed which creates in favour of the trustee, a first fixed and specific mortgage and charge on substantially all the real property, leasehold property and computer equipment of the Company, subject only to prior mortgages and charges created by the Company. The following are the more significant negative covenants under the income debenture:

- (a) In any fiscal year when the net cash flow of the Broadcasting Division after debt service exceeds \$500,000, the Company will pay 50% of such excess as a mandatory principal repayment up to a maximum prepayment of \$750,000 in any one year.
- (b) During the term of the loan Multiple Access as a corporation will maintain net working capital of at least \$1,500,000 and also maintain a ratio of current assets to current liabilities of not less than 3:2, in each case excluding the current

portion of the indebtedness under the income debenture.

- (c) Dividends may be declared and paid only with Bank approval, after payment of bank indebtedness for the current year and if the dividend payment will not put the Company in default with respect to (b) above.
- (d) The income debenture becomes payable on demand in the event of any default thereunder, including any material adverse change in the operations or the affairs of the Company.

8% Debentures . . . . . 500,000

The 8% debentures, due April 15, 1977, are secured by a first floating charge on the assets of AGT Keydata Canada Limited, a subsidiary company, and may be converted at maturity into shares of AGT Data Systems Limited based on the then market value of AGT shares. Purchasers of these debentures received share purchase warrants expiring April 15, 1977, which entitle the holders to acquire a minority interest in AGT Keydata Canada Limited or in AGT Data Systems Limited.

AGT Keydata Canada Limited is restricted from incurring indebtedness or holding securities other than normal operating indebtedness and specified short-term investments. As at March 31, 1974, cash and deposit receipts in the amount of \$298,000 were restricted in this way.

Promissory Notes . . . . . 1,164,514

Promissory notes repayable by monthly instalments of principal and interest maturing in various amounts from 1975 to 1979, secured by technical equipment

17,314,514

Less: Current portion of long term debt 2,479,405

\$14,835,109



## 5. CAPITAL STOCK:

### (a) Common shares—

	Shares	Amount
Outstanding March 31, 1973 . . . . .	2,405,969	\$15,069,163
Issued during the year on:		
Acquisition of shares of AGT Data Systems Limited . . . . .	394,297	1,182,891
Exercise of warrants issued to purchasers of convertible notes	661	991
Exercise of options	1,700	4,015
	<u>2,802,627</u>	<u>16,257,060</u>
Less:		
Expenses related to issue of shares for AGT . . . . .	—	(46,740)
Outstanding March 31, 1974 . . . . .	<u>2,802,627</u>	<u>\$16,210,320</u>

### (b) Warrants outstanding—

	Number	Expiry	Exercise Price
Issued under warrant indenture dated April 30, 1969 . . . . .	470,000	June 15, 1979	\$10.00
Issued under agreement dated July 31, 1971 . . . . .	25,000	July 31, 1976	1.50
Issued to purchasers of convertible notes . . . . .	82,613	September 30, 1976	1.50
Issued March 15, 1973 . . . . .	12,500	January 2, 1976	10.00

The Company has reserved sufficient authorized but unissued common shares for the exercise of all outstanding warrants.

### (c) Stock option plan—

The Company has reserved 73,300 authorized but unissued common shares for its Stock Option Plan which provides for the granting to officers and key employees (excluding founders of the Company) options to purchase (while employed by the Company) common shares of the Company at a price per share of not less than 90% of the market price at the date of granting. The options are exercisable at the rate of 20% per annum.

#### Summary of options outstanding—

	Number				
	Expired during the year	Exercised during the year	Outstanding at March 31, 1974	Price	Year of Expiry
GRANTED:					
—in prior years . . . . .	46,700	5,600	1,700	39,400	\$0.95-10.125 1974-1978
—May 28, 1973 . . . . .	1,000	—	—	1,000	8.80 1978
	<u>47,700</u>	<u>5,600</u>	<u>1,700</u>	<u>40,400</u>	

Officers of the Company had options to purchase 19,300 shares (included above) at March 31, 1974, all of which were granted prior to the current year.

## 6. INCOME TAXES:

### (a) Income taxes otherwise chargeable—

The interest on the income debenture is not allowable as a deduction in the computation of income for tax purposes, and the income taxes otherwise chargeable have been eliminated by the application of prior period losses.

### (b) Loss carry-forward position—

The Company and subsidiaries had approximately \$5,400,000 of losses available to reduce future taxable income. In accordance with loss carry-forward provisions of income tax legislation the deductibility of the losses expires annually in 1975 to 1978.

The value of fixed assets for income tax purposes is approximately \$5,500,000 in excess of their net book value. This amount and approximately \$7,500,000 of the amount attributed in the financial statements to television and radio broadcasting licences, and goodwill may be used to reduce future taxable income in accordance with income tax legislation.

**7. CONTINGENT LIABILITIES :**

- (a) In a previous year, the Company instituted legal proceedings against a customer to collect all monies owing. The customer later instituted a claim against the Company and certain officers in the amount of \$4,000,000. It is the opinion of management based on counsel's evaluation that the claim will be settled for less than the amount owing to the Company, which was fully provided for in prior years.
- (b) A founder and former officer of the Company commenced action against the Company and certain trustees claiming that he was the owner of 10,021 shares and 10,021 share purchase warrants of the Company. The plaintiff also is claiming damages from the defendants, including punitive and exemplary damages, in the amount of \$500,000 and an injunction restraining the defendants from in any way dealing with the shares and the share purchase warrants which the plaintiff claims are beneficially owned by him.

**8. SIGNIFICANT SUBSEQUENT EVENTS :**

- (a) Under an agreement to be entered into between the Company and The Manufacturers Life Insurance Company, a joint venture company will be formed, the purpose of which is to supply computer system services at cost to both parties. The joint venture company will execute a contract with The Manufacturers Life Insurance Company for the lease of a large-scale computer system and the related physical facilities.
- (b) The Company is negotiating for the acquisition of computer businesses which could result in expenditures of approximately \$3 million.

**9. OTHER INFORMATION :**

- (a) Constrained-share Company—  
The Company is a "Constrained-share Company" within the meaning of the Canada Corporations Act to ensure that the Company may qualify under The Broadcasting Act and the Regulations

and Directions made thereunder for the requisite licences and permits to carry on a broadcasting undertaking. For this purpose, the constrained class consists of persons who are not Canadian citizens or corporations that are controlled directly or indirectly by citizens or subjects of a country other than Canada. The directors of the Company must refuse to allow a transfer of a share of the Company to be made or recorded in the register of the Company or refuse to accept a subscription for shares of the Company, if the result would be that the number of shares held by members of the constrained class would exceed the permitted maximum of 20% of the issued and outstanding common shares of the Company.

(b) Earnings per share—

The earnings per share are calculated using the weighted average number of shares outstanding. If all outstanding warrants and stock options were exercised, and interest was imputed on the proceeds at reasonable rates, the effect on earnings per share would be insignificant.

(c) Lease commitments—

The Company has leased office premises under long term agreements which provide for the payment of net annual rentals of approximately \$382,000. The Company has commitments under long term agreements for the lease and maintenance of equipment which provide for the payment of approximately \$1,000,000 per annum.

(d) Remuneration of directors and senior officers—

Remuneration of the eleven directors aggregated \$19,300. The remuneration of seven senior officers, two of whom are former senior officers, aggregated \$269,400 for the year. Two senior officers, who were also directors, received no remuneration for their duties as directors.

(e) Comparative figures—

Certain comparative figures have been reclassified to conform to the 1974 presentation.



*Head Office:* 405 Ogilvy Avenue, Montreal, Quebec

*Broadcast Group:* 405 Ogilvy Avenue, Montreal, Quebec

*Champlain Productions Limited:* 405 Ogilvy Avenue, Montreal, Quebec

*Computer Group:* 885 Don Mills Road, Don Mills, Ontario

*Branch Offices:* TORONTO: 885 Don Mills Road, Don Mills  
MONTREAL: 800 Dorchester Boulevard W.  
WINNIPEG: 1625 Dublin Avenue  
EDMONTON: B4 Chancery Hall,  
3 Sir Winston Churchill Square  
CALGARY: 540—5th Avenue S.W.  
NEW YORK: 420 Lexington Ave., N.Y.  
OTTAWA: 101 Lyon Street, Suite 4









August 6, 1974

SOME ADDITIONAL COMMENTS ON RECENT DEVELOPMENTS

Dear Shareholder

Some important events have occurred within our Computer Group since the Annual Report went to press. While public notices have of course been released, I would like to take this opportunity to communicate directly and in more detail with you.

The purchase, announced on July 11, of a controlling interest in TCC, Inc., has special significance to your company. Some time ago we established two important objectives for our Computer Group: to create centres of outstanding software and people expertise in a number of selected industries, and to offer our services throughout the total North American data processing market. The position we have taken in TCC will advance us appreciably in the attainment of these objectives.

TCC is a management services company located in Dallas, Texas and based on data processing technology. It has well-recognized expertise in two important sectors of the economy; insurance, and oil and gas. From its insurance support centre in Austin, Texas, it offers advanced software to life and health insurance companies, with products such as LIFE/70, a total management information system, and FORECAST/70, a projection system. Over 100 American insurance companies are currently employing a TCC software product in some form.

Through ownership of H.J. Gruy and Associates, TCC has an important position in the supply of management services to the oil and gas industry. Gruy and its associated companies have an international reputation. They have developed a library of specialized software applications which we anticipate will shortly be made available to users of our 6600 computer. TCC also operates time-sharing data centres in Chicago and Los Angeles and we are currently reviewing opportunities for direct interaction.





The controlling position was obtained by the purchase from existing shareholders of TCC of 2,338,000 shares of common stock for a total of \$975,000 U.S. and by the purchase for \$50,000 of a warrant to purchase 1,667,000 common shares of TCC. The warrant was subsequently exercised, thereby putting \$1 million in the treasury of TCC, which will open major new opportunities for growth for TCC. In addition, we purchased a note of TCC for \$512,000 which is convertible for 10 years at \$0.60 per share. Total cash cost to date is approximately \$2,500,000; and was financed by a term loan from from your company's bankers.

TCC revenues in the year ended December 31, 1973 were \$8,415,000 and are planned to exceed \$10 million in 1974. Net income in 1973 was \$413,000 and is expected to increase very substantially in 1974. No income tax was paid in 1973 and TCC has an available tax loss carry-forward of approximately \$4,540,000.

The AGT operating divisions are making a significant contribution to your company's growth. Keydata Canada is increasing revenues in the current year by about 30% over the previous year. The AGT Data services group has now become our Commercial Services Division and, bolstered by the acquisition of Consumers Computing, expects to achieve revenues approaching \$4 million in the current year.

DCF Systems Ltd., the AGT consulting division, has experienced serious staff changes in recent months. To resolve this situation and to expand DCF's capabilities, we purchased Comserve Ltd. from the Oshawa Group in July of this year. Comserve is in the business of offering software, programming and consulting services in Toronto and Ottawa. Comserve's president, Jim Finch, is well-known in the Canadian data processing scene and is a former president of CIPS (Canadian Information Processing Society). Jim is now president of both Comserve and DCF Systems and is operating them in close functional association.

The formation of Multiple-Manulife Systems Ltd. (MMS) was announced in early June and, from your company's point of view, is a significant move. With a highly-regarded partner,



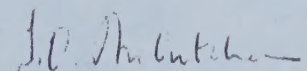


The Manufacturers Life Insurance Company, we now have available on a shared-cost basis a System /370 Model 168 computer, the largest model in IBM's current series, to provide cost-effective capabilities equal to those of any competitive facility. MMS will be the support base of our Commercial Services Division and will ensure our continuing competitive position.

These various moves have proceeded logically and in accordance with our long term planning. The share exchange with AGT gave us for the first time a body of professionals skilled in commercial data processing based on IBM technology, plus an IBM processing requirement. The addition of Consumers Computing staff, software and revenue base augmented AGT in a parallel direction. Our requirement for IBM processing had now reached a level which would justify operating our own IBM mainframe. By sharing with Manulife, we were able to move immediately into the Model 168, and now have a broad, comprehensive and highly cost-effective group of processors.

We estimate that our present activities will provide \$12 million in direct computer revenues in the current year. Our portion of TCC's revenues, based on 9 months of the current fiscal year, are expected to add a further \$7.5 million, giving total Computer Group revenues approaching \$19.5 million. This total now exceeds our Broadcast Group revenues which are expected to approximate \$16 million and, to our knowledge, is the largest of any Canadian independent company in the computer services industry.

The moves described above have been of immediate direct benefit to your company, but their real significance lies in the strong base which has been provided for future growth.



John O. McCutcheon

President



